Welcome and introductions

Allan Kells
Senior Vice President, Investor Relations
Cautionary statement regarding forward-looking statements

This presentation may contain forward-looking statements, including without limitation, those regarding projections of future revenues or earnings, operating margins, operating and capital expenses, bookings, new solution, services and offering development, and capital allocation plans; cost optimization and operational improvement initiatives; future business outlook, including new markets or prospects for the Company’s solutions and services; and the expected benefits of our acquisitions, divestitures or other collaborations. These forward-looking statements are based on management’s current beliefs, expectations and assumptions and are subject to significant risks and uncertainties. Cerner’s performance, and actual results, financial condition or business could differ materially from those expressed in such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to:

the possibility of significant costs and reputational harm related to product and service-related liabilities; potential claims for system errors and warranties; the possibility of interruption at our data centers or client support facilities, or those of third parties with whom we have contracted (such as public cloud providers), that could expose us to significant costs and reputational harm; the possibility of increased expenses, exposure to legal claims and regulatory actions and reputational harm associated with a cyberattack or other breach in our IT security or the IT security of third parties on which we rely; our proprietary technology may be subject to claims for infringement or misappropriation of intellectual property rights of others, or may be infringed or misappropriated by others or subject to claims related to open source licenses; material adverse resolution of legal proceedings or other claims or reputational harm stemming from negative publicity related to such claims or legal proceedings; risks associated with our global operations, including without limitation greater difficulty in collecting accounts receivable; risks associated with fluctuations in foreign currency exchange rates; changes in tax laws, regulations or guidance that could adversely affect our tax position and/or challenges to our tax positions in the U.S. and non-U.S. countries; the uncertainty surrounding the impact of the departure of the United Kingdom from the European Union on our global business; risks associated with the unexpected loss or recruitment and retention of key personnel or the failure to successfully develop and execute succession planning to assure transitions of key associates and their knowledge, relationships and expertise; risks related to our dependence on strategic relationships and third party suppliers; risks inherent with business acquisitions or strategic investments and the failure to achieve projected synergies; risks associated with volatility and disruption resulting from global economic or market conditions; significant competition and our ability to anticipate or respond quickly to market changes, changing technologies and evolving pricing and deployment methods and to bring competitive new solutions, devices, features and services to market in a timely fashion; managing growth in the new markets in which we offer solutions, health care devices or services; long sales cycles for our solutions and services; risks inherent in contracting with government clients, including without limitation, complying with strict compliance and disclosure obligations, navigating complex procurement rules and processes and defending against bid protests; risks associated with our outstanding and future indebtedness, such as compliance with restrictive covenants, which may limit our flexibility to operate our business; impact of the phase-out of the London Interbank Offered Rate (LIBOR) on the interest rates under our financing agreements and the interest rate swap related to the outstanding indebtedness under our credit agreement; the potential for losses resulting from asset impairment charges; changing political, economic, regulatory and judicial influences, which could impact the purchasing practices and operations of our clients and increase costs to deliver compliant solutions and services; non-compliance with laws, government regulations or certain industry initiatives or failure to deliver solutions or services that enable our clients to comply with laws or regulations applicable to their businesses; variations in our quarterly operating results; potential variations in our sales forecasts compared to actual sales; volatility in the trading price of our common stock and the timing and volume of market activity; inability to achieve expected operating efficiencies and sustain or improve operating expense reductions; risks that Cerner’s revenue growth may be lower than anticipated and/or that the mix of revenue shifts to lower margin revenue; risk that our capital allocation strategy will not be fully implemented or enhance long-term shareholder value; risks that Cerner’s business may be negatively affected as a result of future proxy fights or the actions of activist shareholders; and our directors’ authority to issue preferred stock and the anti-takeover provisions in our corporate governance documents.

Additional discussion of these and other risks, uncertainties and factors affecting Cerner’s business is contained in Cerner’s filings with the Securities and Exchange Commission. The reader should not place undue reliance on forward-looking statements, since the statements speak only as of the date that they are made. Except as required by law, Cerner undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes in our business, results of operations or financial condition over time. A reconciliation of non-GAAP financial measures discussed in this presentation can be found in the Appendix to this presentation and Cerner’s most recent earnings release that was furnished to the SEC and posted on the investor section of www.cerner.com.
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</tr>
<tr>
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Chairman and CEO comments

Brent Shafer
Chairman and Chief Executive Officer
2019 successes

- Client momentum
- Collaboration with AWS and Amazon
- Progress with transformation efforts
- Positive momentum in federal market
- Positive financial performance
- New Operating Model implemented
Transformation at Cerner

- Operating model
- Transformative actions
- Refined strategic focus
Structure, people and process enhancements

- Board expansion
- Organizational updates
- Leadership additions

Enterprise Process Improvement
- Product Lifecycle Management
  - Client Relationship Management
  - Product rationalization
  - Configure, Price, Quote

Portfolio Management
Portfolio Management

**Improve how we allocate investments**

- Enterprise-level decision making
- Business unit project prioritization
- Resource planning / management

**Benefits**

- Reduce costs
- Improve agility
- Shorten time-to-market
- Improve take-rate and market success
- Increase client satisfaction
Transformative actions

Operating efficiencies

Business simplification

Fit for growth
Strategies for growth

1. **Clients**: Retain and expand client footprint; focus on revenue cycle; execute in federal space

2. **SaaS**: Modernize the technology stack for next-generation, cognitive EMR

3. **Build out Health Network**: Establish *HealthIntent*® as foundational enabler of evolving care delivery and reimbursement strategies across MSAs/communities globally

4. **Create category-leading data business**: Cerner will be a category-leading data-enabled services company

5. **Talent and culture**: Recruit and reimagine a high-performance workforce architecture

6. **Deliver solid financial performance**: Consistent, predictable results
OUR VISION
We believe in a seamless and connected world where everyone thrives.

OUR MISSION
To relentlessly seek breakthrough innovation that will shape health care of tomorrow

OUR PROMISE
Health care is too important to stay the same.
Cerner’s workforce architecture and culture transformation

Tracy Platt

Executive Vice President and Chief Human Resources Officer
The Market is changing…
And so are we.
Cerner’s horizons of growth

**Horizon One**
Defend and extend the core business.

Cerner will deliver on DoD and VA contracts, strengthen Revenue Cycle Management, and successfully modernize our three core platforms.

**Horizon Two**
Drive growth in emerging new businesses.

Cerner will be the premier strategic health network partner taking the business beyond the hospital, beyond FFS (leading on value) and beyond our core Millennium EMR base.

**Horizon Three**
Seed options for future growth businesses.

Cerner will look to position as the acknowledged and reliant source for curated health data.

Source: McKinsey & Company Growth Initiative
Horizon 1 - Workforce architecture

Cerner will deliver on DoD and VA contracts, strengthen Revenue Cycle Management, and successfully modernize our three core platforms.

Source: McKinsey & Company Growth Initiative

Horizon One
Defend and extend the core business.

Capability requirements

Skill requirements

Federal
Government contracting, Federal agency acumen, project management, change management, training and adoption

Cybersecurity
Ethical hacking, vulnerability management, malware detection, penetration testing, incident response, network security, security policy, cybersecurity, intrusion detection

SaaS
Cloud computing, Amazon Web Services, Python, Java, JavaScript, Perl, DevOps, Virtualization, Software as a Service, continuous integration, infrastructure, operating systems
Horizon 2 - Workforce architecture

Cerner will be the premier strategic health network partner taking the business beyond the hospital, beyond FFS (leading on value) and beyond our core Millennium EMR base.

Horizon Two
Drive growth in emerging new businesses.

Capability requirements
- Market Strategists
- Product Managers
- Developers

Skill requirements
- Business Development, Payor, Managed Care, Medicaid, Medicare, Consumer, Market Strategies, New Product Development, Quality Management, Strategic Planning

Source: McKinsey & Company Growth Initiative
Horizon 3 - Workforce architecture

Capability requirements
- Data scientists
- Data modelers
- Statisticians
- Researchers

Skill requirements
- Predictive Modeling, Data Science, Data Mining, Data, Modeling, Machine Learning, R, Python, Life Sciences, Clinical, Research, Pharma, Payor, RWE Methods, Statistics

Source: McKinsey & Company Growth Initiative

Horizon Three Seed options for future growth businesses.

Cerner will look to position as the acknowledged and reliant source for curated health data.
Approach to strategic workforce planning

BUILD
BUY
BIND
BORROW
Culture transformation
One of America’s Best Employers For Diversity

WomenInc.
Most Influential Corporate Board Directors

Melinda J. Mount
Dr. Julie L. Gerberding
Linda M. Dillman

Forbes
2019
THE BEST EMPLOYERS
for NEW GRADS

Forbes
2019
THE BEST EMPLOYERS
for NEW GRADS

healthcare100
informatics
Talent and culture

Cerner will establish capabilities to attract, engage and retain the global workforce required to achieve our growth and innovation strategies.

The best strategy in the world can’t be delivered without talented and highly engaged people.

To achieve our vision, we’ll rely on a global workforce with the breadth of experiences and skills required to lead in emerging areas of health care innovation. To attract, engage and retain our associates, we’ll enable a performance driven culture that is both inclusive and innovative.
Amazon/AWS partnership and cloud strategy

Dan Devers

Senior Vice President, Cloud Strategy
Cloud partner objectives

Migration  Modernization  Innovation
Why Amazon and AWS

Shared vision

Consumer reach

Superior AI and ML capabilities

Infrastructure and security

Digital transformation

Accelerated, intelligent innovation

Open and connected healthcare
### Progress

<table>
<thead>
<tr>
<th><strong>HealthIntent® population health management</strong></th>
<th>Completed ahead of schedule with no client interruption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Migration of remaining eligible <em>HealthIntent</em> clients hosted by Cerner</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>CareAware® device connectivity</strong></th>
<th>On track for completion in 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Migration of Cerner-hosted <em>CareAware</em> clients to AWS</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Cerner Virtual Scribe with Amazon Transcribe Medical</strong></th>
<th>Integrated into <em>Cerner Digital Scribe</em> alpha prototype</th>
</tr>
</thead>
<tbody>
<tr>
<td>AWS announces <em>Amazon Transcribe Medical</em> — new medical voice transcription service</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Cerner Command Center</strong></th>
<th>Completed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Command Center Dashboard and Cerner Patient Flow Dashboard migrated to AWS</td>
<td></td>
</tr>
</tbody>
</table>
AI: Cognitive EHR

Data capture
- Voice
- Image
- Video
- Sensors

AI transformations
- Speech-to-Text
- NLP/NLU
- Text-to-Speech
- Image Recognition
- Skeletal Tracking

Semantic interoperability
- Ontologies
- Mappings
- Terminologies

Cerner applications
- Charge Assist
- Chart Assist
- Virtual Scribe
- Voice Assist
Cognitive EHR: *Virtual Scribe with AWS*

**Amazon Transcribe Medical**
Automatically converts medical speech to text in real time.

Send medical audio, such as physician-patient conversations, medical dictations, or patient phone calls.

Automatically converts medical speech to text in real time.

Receive accurate transcripts featuring automatic punctuation, word-level time stamps, and confidence scores.
ML: Transforming data into health care intelligence

- Descriptive
- Diagnostic
- Predictive
- Prescriptive
ML: Data science ecosystem

HealtheDataLab

- Securely access all HealtheIntent data
- Build predictive models and algorithms
- Validate models and algorithms
- Implement in workflow

Single environment
AWS  Healthcare, Life Sciences, and Genomics

Shez Partovi, MD

Worldwide Lead
Healthcare, Life Sciences, Genomics
Predict
Patient
Health Events
Predict Patient Health Events

Personalize Consumer Health Journey
Predict Patient Health Events

Personalize Consumer Health Journey

Protect Clinician Experience
Long Heritage of Using Machine Learning

- Personalized Recommendations
- Inventory Management & Fulfillment Automation

Amazon.com

NETFLIX

lyft

Snapchat

Expedia
Long Heritage of **Delighting Customers**

- **Personalized Recommendations**
- **Inventory Management & Fulfillment Automation**

Logos of: **NETFLIX**, **lyft**, **Snapchat**, **Expedia**
Cloud Transformation

Predict Patient Health Events
Cloud Transformation

Predict Patient Health Events
Predict Patient Health Events
Predict Patient Health Events

Cloud Transformation

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Innovation & Agility

Cognitive EHR

Predict Patient Health Events

Undifferentiated Heavy Lifting

Cloud Transformation
Predict Patient Health Events

Patient Arrives Today
Predict Patient Health Events

Look at Last 12 Months of Data

Patient Arrives Today

Predict CHF 15 mo before onset
Predict Congestive Heart Failure 15 mo in Advance
Predict Patient Health Events

Personalize Consumer Health Journey

Protect Clinician Experience
Personalize Consumer Health Journey
Lex

Personalize Consumer Health Journey
Personalize Consumer Health Journey

Lex
Personalize
Consumer Health Journey

Patient & Consumer Facing AI Services
Personalize Consumer Health Journey

Patient & Consumer Facing Services
Personalize
Consumer
Health Journey
Protect Clinician Experience
Protect Clinician Experience
Protect Clinician Experience
Predict Patient Health Events

Personalize Consumer Health Journey

Protect Clinician Experience
Thank you

Shez Partovi, MD
Worldwide Lead
Healthcare, Life Sciences, Genomics
spartovi@amazon.com
Twitter: @spartoviMD
Financial update

Marc Naughton

Executive Vice President and Chief Financial Officer
2019 financial highlights

- Revenue up 6% to $5.7 billion
- GAAP results
  - Operating Margin 11%, Diluted EPS $1.65
- Adjusted Operating Margin* of 18.5%
  - Q419 Adjusted Operating Margin* 20.3%
- Adjusted Diluted EPS* $2.68 up 9%
- Bookings $6.0 billion, down 11%
  - More selective on long-term contracts, +2% excluding long-term bookings
- Operating / Free Cash Flow* of $1.3B / $0.6B
  - Expect good cash flow growth in 2020 and beyond driven by operating cash flow growth and lower capex
- Deployed $1.5 billion of capital
  - $1.3 billion share repurchases / $114 million dividends
  - $75 million M&A

* Adjusted operating, earnings, adjusted operating margin, adjusted diluted earnings per share and free cash flow reflect adjustments compared to results reported on a U.S. Generally Accepted Accounting Principles (GAAP) basis in our 2019 annual report on Form 10-K and most recent Form 10-Q. Non-GAAP results should not be substituted as a measure of our performance but instead should be used along with GAAP results as a supplemental measure of financial performance. Please see the Appendix for a reconciliation of these items to GAAP results.
Adjustments to Business Model Contribution margin reporting

- Expenses related to SaaS previously included in SG&A have been identified as direct costs and reallocated to the appropriate revenue stream

- Total contribution margin now fully burdened by direct costs, more closely aligns with traditional reporting of gross margin

<table>
<thead>
<tr>
<th>Revenue streams</th>
<th>Revenue (Dollars in Millions)</th>
<th>Contribution margin %</th>
<th>Contribution margin $</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licensed Software</td>
<td>$614</td>
<td>91%</td>
<td>$556</td>
<td>$478</td>
</tr>
<tr>
<td>Technology Resale</td>
<td>$245</td>
<td>16%</td>
<td>$38</td>
<td></td>
</tr>
<tr>
<td>Subscriptions</td>
<td>$326</td>
<td>51%</td>
<td>$166</td>
<td></td>
</tr>
<tr>
<td>Professional Services</td>
<td>$1,811</td>
<td>26%</td>
<td>$465</td>
<td>$444</td>
</tr>
<tr>
<td>Managed Services</td>
<td>$1,155</td>
<td>40%</td>
<td>$466</td>
<td>$484</td>
</tr>
<tr>
<td>Support &amp; Maintenance</td>
<td>$1,118</td>
<td>75%</td>
<td>$835</td>
<td></td>
</tr>
<tr>
<td>Reimbursed Travel</td>
<td>$97</td>
<td>0%</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td>$5,366</td>
<td>47.1%</td>
<td>$2,526</td>
<td>$2,445</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indirect expenses</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Research and Development</td>
<td>-12.3%</td>
<td>($662)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selling, General and Administrative</td>
<td>-15.9%</td>
<td>-14.4%</td>
<td>($853)</td>
<td>($772)</td>
</tr>
<tr>
<td>Adjusted Operating Margin*</td>
<td>18.8%</td>
<td>$1,011</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

* Adjusted Operating Margin reflects adjustments compared to results reported on a GAAP basis in our 2018 Form 10-K. Non-GAAP results should not be substituted as a measure of our performance but instead should be used along with GAAP results as a supplemental measure of financial performance. Non-GAAP results are used by management along with GAAP results to analyze our business, make strategic decisions, assess long-term trends on a comparable basis, and for management compensation purposes.
## 2019 Cerner Business Model

### (Dollars in Millions)

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<tr>
<th>Revenue streams</th>
<th>Revenue</th>
<th>Contribution margin %</th>
<th>Contribution margin $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licensed Software</td>
<td>$681</td>
<td>77%</td>
<td>$522</td>
</tr>
<tr>
<td>Technology Resale</td>
<td>$247</td>
<td>13%</td>
<td>$33</td>
</tr>
<tr>
<td>Subscriptions</td>
<td>$359</td>
<td>48%</td>
<td>$173</td>
</tr>
<tr>
<td>Professional Services</td>
<td>$1,992</td>
<td>24%</td>
<td>$487</td>
</tr>
<tr>
<td>Managed Services</td>
<td>$1,214</td>
<td>43%</td>
<td>$526</td>
</tr>
<tr>
<td>Support &amp; Maintenance</td>
<td>$1,105</td>
<td>75%</td>
<td>$824</td>
</tr>
<tr>
<td>Reimbursed Travel</td>
<td>$95</td>
<td>0%</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>$5,693</td>
<td>45.0%</td>
<td><strong>$2,564</strong></td>
</tr>
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</table>

### Indirect expenses

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<tr>
<th></th>
<th>Contribution margin %</th>
<th>Contribution margin $</th>
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<tbody>
<tr>
<td>Research and Development</td>
<td>-12.6%</td>
<td>($719)</td>
</tr>
<tr>
<td>Selling, General and Administrative</td>
<td>-13.9%</td>
<td>($793)</td>
</tr>
</tbody>
</table>

**Adjusted Operating Margin**

- **Q419 Adjusted Operating Margin** of 20.3% was 180 basis points higher than full year
- Reflects higher contribution margin and SG&A leverage driven by cumulative impact of cost optimization

*Adjusted Operating Margin reflects adjustments compared to results reported on a GAAP basis in our 2019 Form 10-K. Non-GAAP results should not be substituted as a measure of our performance but instead should be used along with GAAP results as a supplemental measure of financial performance. Non-GAAP results are used by management along with GAAP results to analyze our business, make strategic decisions, assess long-term trends on a comparable basis, and for management compensation purposes.
### Revenue Streams

<table>
<thead>
<tr>
<th>Service</th>
<th>Contribution</th>
<th>Margin %</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licensed Software</td>
<td>$681</td>
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</tr>
</tbody>
</table>

**Totals**

- Revenue: $5,693
- Contribution Margin: 45.0%
- Margin: $2,564

### Indirect Expenses

- Research and Development: -12.6% ($719)
- Selling, General and Administrative: -13.9% ($793)

**Adjusted Operating Margin**

- 18.5%
- $1,052

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*Adjusted Operating Margin reflects adjustments compared to results reported on a GAAP basis in our 2019 Form 10-K. Non-GAAP results should not be substituted as a measure of our performance but instead should be used along with GAAP results as a supplemental measure of financial performance. Non-GAAP results are used by management along with GAAP results to analyze our business, make strategic decisions, assess long-term trends on a comparable basis, and for management compensation purposes.*
Recurring & visible revenue

- 90% of 2019 Revenue recurring or highly visible
- SaaS now approximately 50% of total software
- Nearly 85% of 2020 revenue guidance midpoint scheduled to come from backlog and other contracted revenue

### 2019 Revenue Mix
(Excludes Reimbursed Travel)

<table>
<thead>
<tr>
<th>Type of Revenue</th>
<th>Includes</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Recurring</td>
<td>Traditional Software, Tech Resale</td>
<td>10%</td>
<td>11%</td>
<td>12%</td>
</tr>
<tr>
<td>Recurring</td>
<td>Support, Managed Services, Subscriptions, Works, SaaS</td>
<td>63%</td>
<td>64%</td>
<td>62%</td>
</tr>
<tr>
<td>Highly Visible</td>
<td>Professional Services</td>
<td>27%</td>
<td>25%</td>
<td>26%</td>
</tr>
</tbody>
</table>
Long-Term Revenue growth

Targeting 5% – 8% 4-year CAGR (2020 – 2024)

• Compares to prior target of 6% – 9% that included 1% growth from outsourcing that is no longer expected

Key drivers, assumptions & observations

Core (-1% – -2%)

• Mature U.S. EHR market, shift of revenue to other areas (e.g. Federal), and client attrition, partially offset by growth in non-U.S. and Revenue Cycle

• 2019 and 2020 Core declines higher due to divestiture activity

Federal (14% – 16%)

• Reflects expected project rollout

Strategic Growth (19% – 21%)

• Over $75 billion addressable market
  Health Networks, DaaS, Real-time Health System, Continuum, Workforce Health Services, Consumer

Inorganic (1% – 3%)

• Most likely in Strategic Growth areas

Model does not yet reflect impact of broad Millennium SaaS migrations expected in the 2024 – 2025 timeframe

* Category Changes since 2019 long-term growth targets: 1) Revenue Cycle and ITWorks became part of Core; 2) Population Health is now part of businesses that make up Strategic Growth; 3) Strategic Growth represented inorganic in 2019; it is now a group of businesses defined above; 4) Inorganic is now labeled as Inorganic instead of Strategic Growth
Adjusted Operating Margin* & earnings growth

2020 guidance reflects Adjusted Operating Margin* of ~21%

- 250 basis points higher than 2019
- Reflects expected achievement of 22.5% target in Q420
- Driven by 2019 cost optimization / efficiency initiatives and ongoing efforts in 2020

Expect ongoing Adjusted Operating Margin* expansion

- Targeting mid-20% range by 2024, ~100 basis points average annual expansion
- Permanent Transformation Office function
- More focused growth strategy
- R&D and SG&A leverage

Expect strong Adjusted Diluted EPS* growth

- With margin expansion and share repurchases, expect to drive upper-single to low-double-digit Adjusted Diluted EPS* growth
- Range depends on revenue growth, mix and M&A

Adjusted Operating Margin* targets:

- 20% in Q419
- 22.5% in Q420
- 21% full-year 2020
- ~25% by 2024

Adjusted Diluted EPS* Growth Target:

Upper-single to low-double digit growth

* Adjusted operating margin and adjusted diluted earnings per share reflect adjustments compared to results reported on a U.S. Generally Accepted Accounting Principles (GAAP) basis in our 2019 annual report on Form 10-K and most recent Form 10-Q. Non-GAAP results should not be substituted as a measure of our performance but instead should be used along with GAAP results as a supplemental measure of financial performance. Please see the Appendix for a reconciliation of these items to GAAP results. Estimates for periods beyond 2020 do not represent formal financial guidance and could be impacted if management’s assumptions for revenue mix, revenue growth, or expense growth change.
Free cash flow and balance sheet

Expect strong free cash flow growth
• ~$1 billion by 2021 and ~$1.5 billion by 2024
• Driven by earnings growth and reduced capital expenditures

Strong balance sheet
• Increased debt in 2019 to fund expanded capital return program
  • Still less than 1X leverage, leaving capacity to fund ongoing return and M&A

Actively deploying capital
• Deployed $1.5 billion in 2019
  • $1.4 billion returned to shareholders via share repurchases ($1.3B) and dividend ($114M)
  • $75 million M&A
• Additional $1.5 billion repurchase authorization (12/13/19)
  • Approximately $400 million repurchased in February / early March
• Actively evaluating M&A

* Free cash flow reflects adjustments compared to results reported on a U.S. Generally Accepted Accounting Principles (GAAP) basis in our 2019 annual report on Form 10-K and most recent Form 10-Q. Non-GAAP results should not be substituted as a measure of our performance but instead should be used along with GAAP results as a supplemental measure of financial performance. Please see the Appendix for a reconciliation of these items to GAAP results.
Summary

1. Significant progress in last year
   - Delivered against guided expectations
   - Embraced opportunity to accelerate transformation which is well underway
   - Operating model and portfolio management leading to enhanced focus and higher-quality growth

2. Solid path to 5-8% topline growth, strong margin expansion and earnings growth

3. Expect to generate strong cash flow and use balance sheet to fund ongoing return of capital and M&A
Cerner core

John Peterzalek
Executive Vice President and Chief Client and Services Officer
9 focus areas shaping health care today

**Intelligent innovation**
- Small data > big data
- Predictive analytics and AI

**Better experiences and outcomes**
- Outcomes-based care
- Emphasis on outpatient care
- Consumer engagement
- Rise in home health care
- Physician wellness

**Open and connected health care**
- Open and interoperable systems
- Growth in health cloud apps
Market leading momentum
Highly competitive in core markets

- Cerner remains highly competitive, consistently adding share year over year
- No supplier added more U.S. hospitals since 2015 across the spectrum of acute care
- Over 30% of the market run non-current systems that are exploring potential replacement
- Cerner is considered more often than any supplier for the high-volume, >200 bed market*
- Platform modernization represents a clear, sustainable path for current & future clients and a clear differentiator for Cerner

*Acute Care EMR Decision Insights 2019 | Buyers Unwilling to Settle* July 2019. © 2019 KLAS Enterprises, LLC. All rights reserved. www.KLASresearch.com
Committed to Non-U.S. Markets
Focused on a world class experience

- Market leadership requires consistent experiences and innovation enabling client success
- Recent divestitures do not change our position but further the focus on value
- Millennium & HealtheIntent are chosen by organizations orchestrating care at population and pan-regional levels
- Strong delivery in key markets prime Cerner for expansion in pivotal upcoming procurements
- i.s.h.med remains a lightweight and geographically diverse option for new opportunities
Revenue Cycle

2019 focus – improve experience

**Growth**
- Strong bookings and revenue growth

**Advanced solutions & optimization services**
- 370+ enhancements released across Millennium and Soarian
- 19,000 potential issues avoided through Center for Excellence audits
- ~630 model experience updates across all RCM solutions
- ~155 optimization engagements

Continued momentum with patient accounting
- 56 deals sold
- 49 go-lives

2020 focus – deliver and execute

**Advance solution capabilities**
- Deliver on roadmap commitments
- Leverage proven assets from Soarian and Millennium to deliver incremental improvement
- Execute API strategy to enable a more open platform

**Enhance the client experience**
- Build upon early success of client forums and communications as we validate future priorities and delivery of new capabilities
- Advance reporting and business intelligence capabilities

**Flawless delivery and execution**
- All new implementations use hardened methodology

**Proactive surveillance and support**
- Drive surveillance programs across the base
- Advance utilization of KPI improvement kits

---

Growth

- Strong bookings and revenue growth

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- Drive surveillance programs across the base
- Advance utilization of KPI improvement kits
Significant opportunity
New business and client expansion

- Growing adoption of RCM and ambulatory offerings converting strong whitespace in Cerner’s installed base
- Within Cerner’s top clients, ~400 facilities are not on Millennium (mainly result of M&A)
- Existing clients are committing to the future
  - 10 clients contributed $1.5B in bookings in 2019 through extensions and expansions
  - RCM and ambulatory material components in several deals, replacing key competitors
- Pursuing and deepening relationships in adjacent care venues

Key focus areas for 2020
Cerner will...

**Advance**
Client success

- Mature the Client Success office
- Provide a consistently positive implementation experience
- Unify the approach to lift clients with most current innovations
- Improve the clinician experience
- Execute on Rev Cycle roadmap

**Grow**
Our business

- Maintain >50% win rates across core business segments
- Realize white space opportunity in strategic clients
- Accelerate strategic growth businesses
- Focus on high quality revenue
Federal business

Travis Dalton
President, Cerner Government Services
ENABLING A LIFETIME OF SEAMLESS CARE

DEPARTMENT OF DEFENSE

1,500+ hospitals
205,000+ clinics, studs
9.4M healthcare professionals
beneficiaries

DEPARTMENT OF VETERANS AFFAIRS

9.12M enrollees
1,600+ primary care, outpatient
306,000+ healthcare professionals
centers

C G S M I S S I O N: To transform federal healthcare by bringing world-class talent, commercial best practices, relentless innovation and integrated analytics to enable the right data, at the right time, and right place and ensure the best possible care for all.
## ACCOMPLISHMENTS

### DOD
- Completed IOC
- Completed Wave TRAVIS Go-Live
- Kicked off four additional Waves: Nellis, Pendleton, Coast Guard, San Diego
- Positioned to support Federal Electronic Health Record Modernization (FEHRM) Program Office

### VA
- Hosted 8 national workshops, created enterprise standards
- Migrated 786 health records of 23.5M Veterans to Cerner’s data center
- Initiated Cerner Scheduling Solution (CSS) project
- Positioned to support FEHRM

### Executed on financial plans
- Prime contracting capabilities
- Proactive stakeholder engagement
DOD | VA Program timeline

**DoD**

**Planned Deployments:** 23 Waves + Initial Operating Capability (IOC)

**Status:**
- IOC + Wave Travis Live
- Joint HIE Platform (April)
- Four Waves in Process: Waves Nellis, Pendleton, San Diego, Coast Guard
- Waves 7-23 through 2025

**VA**

**Planned Deployments:** 47 Waves + Initial Operating Capability (IOC)

**Status:**
- Joint HIE Platform (April)
- Scheduling (April)
- IOC in Process: Mann-Grandstaff in July, Puget Sound in November
- Kicking off Waves 1-5

---

**2018**

DoD WAVE 1

**2019**

TODAY

**2020**

Coast Guard

**2021**

VA IOC

**2022**

SCHEDULING

**2023**

**2024**

DoD CONTRACT COMPLETE

**2025**

**2026**

**2027**

**2028**

VA CONTRACT COMPLETE
Focus areas program & beyond

- Deliver on Program
- Develop New Requirements
- Leverage New Vehicles
- Expand into New Agencies

- Technical Execution
- Operational Scale
- Strategic Engagement
- Talent and Leadership Development
Building on our success

BETTER OUTCOMES FOR ALL

SEAMLESS CARE

MILITARY CARE  VA CARE  COMMUNITY CARE

SCALABLE | SECURE SOLUTIONS

OPEN | INTEROPERABLE PLATFORMS

RELENTLESS INNOVATION

Improve chronic conditions
Prevent suicide
Reduce Substance abuse
Strategic Growth

Don Trigg
President, Cerner
Strategic Growth Market Criteria and Opportunity

- Megatrend/Strategic Tailwind
- TAM > $3B & Achievable market share (≥15%)
- EMR-agnostic with Leverageable Cerner Assets
- Surmountable Barriers to Entry including Regulatory
- Speed-to-Revenue
## Strategic Growth Business Units

<table>
<thead>
<tr>
<th>Provider</th>
<th>Non-Provider</th>
</tr>
</thead>
</table>

### Health Networks
HealthIntent tech-enablement offering to include EDW, analytics, care management and registries.

### Real-Time Health Systems
Security solutions, hospital operations, smart facility and clinician communications.

### Continuum
Behavioral health, long term care, rehab and community & social care.

### Consumer
Patient portal, well-being applications, and consumer relationship management.

### Workforce Health Services
Employer clinics, pharmacy, concierge services, third party administration and workforce health analytics

### Data

#### Data-as-a-Service (DaaS)
Record retrieval and clinical trial, real world evidence businesses.
Strategic Growth Business Units grew at 22% in 2019

- **Health Networks**: As part of the Lumeris partnership, Cerner will migrate eight legacy clients, plus Essence Health, to **HealthIntent** in 2020.

- **Real-Time Health System**: Security revenue grew over 40% to $97M.

- **Behavioral Health**: Behavior Health won Best in KLAS category leader and increased bookings growth of 41.5% with over 50% outside of Millennium base.

- **Consumer**: Well-being solution increased by 150K users including a 10-year extension by industry-leading Geisinger Health as client and development partner.

- **Data-as-a-Service**: Record retrieval business gained significant traction including sole source ROI for 3M mass tort in addition DCRI partnership launched in clinical trials space.

- **Workforce Health Services**: Workforce Health Services had record year of bookings with over $86M.
Cerner 2024: Beyond the *Millennium*® EMR, Beyond the Hospital, Beyond Fee-For-Service

- **Strategic Growth**: 20%
- **Health Networks**: 25%
- **RTHS**: 11%
- **Continuum**: 13%
- **DaaS**: 39%
- **Consumer**: 27%
- **Employer**: 12%

<table>
<thead>
<tr>
<th>FY 2018</th>
<th>FY 2019</th>
<th>FY 2020</th>
<th>FY 2021</th>
<th>FY 2022</th>
<th>FY 2023</th>
<th>FY 2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 400</td>
<td>$ 600</td>
<td>$ 800</td>
<td>$1,000</td>
<td>$1,200</td>
<td>$1,400</td>
<td></td>
</tr>
</tbody>
</table>

*CAGR 4 YR*

$ in millions

+20%
HealtheIntent®: Beyond the Millennium EMR, Beyond the Hospital, Beyond Fee-For-Service

- **HealtheIntent** is a native cloud, Big Data platform designed to manage the strategic assets of a Provider Health Network.

- 3rd-party analysts like Gartner view Cerner as a leader in responding to the need to retool the data operating layer and include more robust data services.

- **HealtheIntent** has more than 180 clients worldwide.

1,400+ total data connections

200+ connected claims and payer vendors

85+ connected EHR systems
Roper St. Francis

*HealtheIntent* is enabling Health Network design and success

---

### Health System
- Roper Hospital
- Bon Secours St. Francis Hospital
- RSF Mount Pleasant Hospital
- Roper St. Francis Berkeley Hospital

### Primary Care
- Employs 200 family medicine, internal medicine, and pediatric physicians in the RSF Physician Partners practice

### Specialty Care
- 800 physicians representing nearly every medical specialty

### Post-Acute Network
- Owned assets in most post-acute lines of business, with an affiliated SNF network

### Affiliated Network
- 400+ affiliated physicians in Health Alliance CIN

### Partners
- Value-based care models include direct-to-employer relationship with large aerospace employer

---

### Driving Success

#### Community Care Outreach
- Increased primary care visits by more than 30%

#### Quality Improvement
- ~36% improvement in hypertension NQF measure

#### ACO Performance
- Achieved quality score ~3% higher than national average with millions in shared savings

#### Care Management
- $787 in cost avoidance per actively managed patient vs. non-managed
Hackensack Meridian Health

*HealthIntent* enabling care delivery for New Jersey’s largest network with 50+ disparate EMRs, 140+ data sources

---

**Current**

- **HealthIntent**
  - 140+ Data Sources: majority of clinicals, claims, etc. (Full picture)

**2020 EOY**

- **Epic**
  - Clinicals (Employed)
  - 3.6M Unique Lives

- **HealtheIntent**
  - Claims, Clinicals, Lab, Pharmacy, HIE, ADT
  - 5.7M Unique Lives

---

Transition to At-Risk Contracts

- MMSSP
- Medicare Advantage
- Commercial

---

Coordinating Care in a Value-Based Environment

- **Patient Experience**
  - Providing differentiated, high-value experiences for members that improve patient satisfaction

- **Venue of Care**
  - Coordinating care to be delivered in the appropriate high quality, low-cost venue to maximize outcomes

- **Timely Delivery**
  - Closing care gaps with timely outreach informed by real-time clinical data and proactive patient outreach

- **Care Team**
  - Informing team-based care model that leverages spectrum of providers to minimize barriers to effective care delivery
HyVee and Cerner: Strategic Partnership for Workforce Health

HyVee is a chain of more than 264 supermarkets located in Midwestern States. 23 stores located in Kansas City MSA.

Hy-Vee Workforce
- Hy-Vee has over 10K full time employees with nearly 1.5K on test pilot in Kansas City MSA.

Investment in Health
- Hy-Vee has made investments in health including:
  - Fast and Fresh stores
  - Dollar Fresh stores
  - Healthmarkets stores
  - 160+ Dietitians
  - 400+ Certified Chefs
  - 1,000+ Pharmacists
  - 5 Tele-pharmacies

Neighborhood
Employer & Community
National Virtual

Currently located: Omaha, Chicago, Dallas, Des Moines, Philadelphia, Houston, San Bernardino, Phoenix

Planned locations: Buffalo, Phoenix, Richmond, Atlanta, Kansas City, Boston, Raleigh, Orlando, Birmingham, Jackson, Dayton, Providence, Augusta, Charleston

Hy-Vee on-site health
Hy-Vee retail Rx
Amber specialty Rx

Programs
- Adherence
- Hypertension
- Diabetes
- On-site Fitness
- Meal Delivery
- Dietitians
- Health Coach
- Pharmacist

Analytics
- Absenteeism
- Genomics
- Recommendations
- Foot Traffic
- Gaps in Care
- Health team utilization

Offer to Kansas City MSA
Determine market expansion

Kansas City Market and Beyond

HyVee Workforce
Hy-Vee spends millions per year on Diabetes, Hypertension and High Maternity cost.
The medical record, ultimately, will be the property of the individual, with each person determining who has access to that record. Those who need the information will be able to get to it, regardless of their location or prior affiliation with the person.

Data collected at one setting will be available to others across the country. While the long-term vision of a virtual health system is still on the horizon, the solutions Cerner is developing today are bringing that picture closer to reality.

Neal Patterson,
Cerner Co-Founder, Chairman and CEO
Strategic growth – Data opportunity

Art Glasgow
Senior Vice President, Strategic Growth
Today’s key takeaways

1. Data dependent markets (Real-world Evidence and Release of Information) represent healthy growth avenues for Cerner.

2. Provider clients seek solutions that allow them to benefit from their data.

3. Cerner's expertise with health data and our intimacy with the providers uniquely position us to add value.
Cerner’s unique opportunity
Opportunity Overview

Objectives

• Provide health care data and value-added analytics to customers outside of Cerner’s typical provider client base

• Bring together disparate activities within the company and focus on enabling specific market segment “use cases”

• Create information-based products that reinvent business, change lives, and equip our customers to better serve their markets, resulting in new commercial value for Cerner

Markets

Life Sciences
$45bn TAM

Release of Information Services – Legal & Life Insurance
$2bn TAM*

Payers
$22bn TAM

*additional market TAMs not represented
**Why Cerner? Why now?**

### Unique position
- Access to provider clients and EHR data
- Ability to aggregate and normalize data (including claims and administrative data)
- Scale with access to over 5,900 hospitals, 14,300 physician practices, and VA

### Regulatory tailwinds
- 21st Century Cures Act
- New FDA Real-World Evidence (RWE) regulations with similar push outside the US
- New interoperability and information blocking rules

### Digital foundation
- 96% Acute Hospital EHR Adoption (2017); 87% Physician EHR Adoption (2015)
- Advancements in cloud computing and AI
- Interoperability technology advancement (FHIR, HIEs, etc.)
Real-world evidence

Providers and life sciences partner to advance clinical research
## Real-world evidence overview

### Customer problem

- Health care digitization enables life sciences to understand how drugs and devices are used in the **real world**
- Example use cases: understand product value, expand indications, monitor drug/device safety, and more

### Solution

<table>
<thead>
<tr>
<th>Cerner’s Learning Health Network</th>
<th>partners life sciences and providers to:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Bring research opportunities and revenue to providers</td>
<td></td>
</tr>
<tr>
<td>2. Enable life sciences answer questions and optimize clinical trials</td>
<td></td>
</tr>
</tbody>
</table>

### Market size

- **Life Sciences $45bn TAM**

### Key competitors

- IQVIA
- Alphabet
- IBM
- flatiron
- veradigm
- Syneos Health
Duke Clinical Research Institute

**Background**
- Janssen creating multi-year, multi-site cardiovascular outcomes registry
- Cerner, DCRI proposed using HealtheIntent platform to automate data collection, chart review, and research analytics

**Project/Results**
- In-silico clinical study looking at health outcomes of patients on statins with cardiovascular risk
- Created a longitudinal cohort of >400,000 patients with cardiovascular risk in a matter of weeks
- 1000 automated chart reviews performed at each pilot site
- Peer-reviewed publications forthcoming

**Value Created**

**For Health Care Providers**
- Open channel to new, revenue-generating opportunities
- Elimination of manual data abstraction

**For Life Sciences**
- Significant cost and time savings to generate data for evidence

**Organic Follow-on Pipeline**

- **Janssen**: 3 independent follow-up projects, including 20 site expansion of pilot project
- **Amgen**: 20-site automated clinical trial of PCSK9 inhibitors (precision high cholesterol therapy)
- **Novo Nordisk**: 10-site obesity registry and intervention study
Description

- UBC – a leading provider of pharmaceutical support services, partnering with life science companies to make medicine and medical products safer and more accessible
- Known for their ability to generate authoritative, real-world evidence of product effectiveness, safety, and value to assist health care decisions and enhance patient care

Opportunity

- Real-world evidence studies
- Differenced clinical registries
- Clinical trial optimization – data-driven design & recruitment
- Assist direct-to-patient study design with ROI services
Release of information

Primed for digital disruption
Release of Information services

Customer problem

- Industries need to gather data on behalf of their clients (with patient authorization) – two immediate industries are legal and life insurance

- Current methods are inefficient, low-tech, and expensive and turnaround time from request to delivery is poor in current state

Solution

- Pull health data on behalf of the life insurance and legal clients directly from Cerner’s client base, resulting in higher quality, more access, and lower effort

- Technology will improve patient requested access to health data with a meaningful improvement to turnaround times across many industries

Market size

Legal & Life Insurance

$2bn TAM*

*additional market TAMs not represented

Key competitors

- CiOX
- ReleasePoint
- Epic
- DataFile
3M Corp MDL trial support

Summary

• Faulty 3M ear plugs have caused hearing damage and decreased quality of life for US veterans

• Impacted veterans need to be quickly identified and included in the torte so they may receive benefits in settlements

• Gathering medical and other pertinent information is difficult, expensive, inefficient, and burdensome

Cerner’s value

• Advances in health care technologies and regulatory requirements drive health record access for patients

• Cerner’s HealtheHistory technology provides a quick, automated solution to facilitate the exchange of medical information between consumer (plaintiff) and requestor (law firm)

65 law firms and growing daily

Over 74,000 records pulled on behalf of veterans (2020 YTD)

Approximately 4-hour turnaround time
USAA offers insurance to an otherwise uninsurable population – members facing deployment – time is critical in issuing these policies.

30 to 60 days to gather medical information on behalf of their customers (with patient authorization).

High cost and time delays drive up consumer policy costs and delay decisions on applications.

Cerner’s value

- Cerner’s HealtheHistory technology provides a quick, automated solution to facilitate the exchange of medical information between consumer (applicant) and requestor (financial institution)

- EHR agnostic solution and health data expertise creates actionable information

- Additional services provide additional revenue potential and market differentiation for Cerner

USAA Among First to Use Electronic Health Records to Accelerate Life Insurance Process

Members experience up to a 30-day reduction in time to acquire health records

SAN ANTONIO, March 23, 2017 /PRNewswire/ -- USAA Life Insurance Company (USAA) is one of the first U.S. life insurers to allow consumers to use electronic health records (EHR) to simplify the life insurance purchase process. On average, USAA has seen a 30-day reduction in time to acquire health records for participating members. The solution is currently available to applicants with patient portal access to their health records at the Department of Veterans Affairs or Department of Defense.

First-of-its-kind innovation can reduce wait time, enhance medical data security and lower acquisition cost

SAN ANTONIO, Dec. 4, 2019 /PRNewswire/ -- USAA Life Insurance Company (USAA Life) has announced it has become the first in the industry to achieve an automated decision of electronic medical records (EMR) for life insurance underwriting. USAA Life first introduced the use of EMRs for life insurance applications in 2017. That technology allows the applicant to grant access to medical records digitally and securely, in near-real time.

Closing Comments

Don Trigg
President, Cerner
Questions
Appendix – Reconciliation of GAAP to non-GAAP financial measures

We report our financial results in accordance with accounting principles generally accepted in the United States of America (“GAAP”). However, we supplement our GAAP results with certain non-GAAP financial measures, which we believe enable investors to better understand and evaluate our ongoing operating results and allows for greater transparency in the review and understanding of our overall financial, operational and economic performance. These non-GAAP financial measures are not meant to be considered in isolation, as a substitute for, or superior to GAAP results and investors should be aware that non-GAAP measures have inherent limitations and should be read only in conjunction with Cerner’s consolidated financial statements prepared in accordance with GAAP. These non-GAAP measures may also be different from similar non-GAAP financial measures used by other companies and may not be comparable to similarly titled captions of other companies due to potential inconsistencies in the method of calculations. We provide the measures of adjusted operating earnings, adjusted net earnings and adjusted diluted earnings per share as such measures are used by management, along with GAAP results, to analyze Cerner’s business, make strategic decisions, assess long-term trends on a comparable basis, and for management compensation purposes. We provide the measure of free cash flow as such measure takes into account certain capital expenditures necessary to operate our business. Free cash flow is used by management, along with GAAP results, to analyze our earnings quality and overall cash generation of the business.

Any future period guidance in this presentation includes adjustments for items not indicative of our core operations, which may include without limitation share-based compensation expense and acquisition-related expenses, such as integration expenses, and may be affected by changes in ongoing assumptions and judgments relating to our acquired businesses, and may also be affected by nonrecurring, unusual or unanticipated charges, expenses or gains, all of which are excluded in the calculation of non-GAAP adjusted operating earnings, adjusted net earnings and adjusted diluted earnings per share. The exact amount of these adjustments are not currently determinable, but may be significant. It is therefore not practicable to reconcile this non-GAAP guidance to the most comparable GAAP measures.

Please see the accompanying table for a reconciliation of GAAP results to non-GAAP financial measures.

<table>
<thead>
<tr>
<th>Adjusted Operating Earnings</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>($ in millions)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating earnings (GAAP)</td>
<td>775</td>
<td>601</td>
</tr>
<tr>
<td>Share-based compensation expense</td>
<td>102</td>
<td>109</td>
</tr>
<tr>
<td>Acquisition-related amortization</td>
<td>83</td>
<td>85</td>
</tr>
<tr>
<td>Allowance on non-current asset</td>
<td>45</td>
<td></td>
</tr>
<tr>
<td>Charge related to client dispute</td>
<td>5</td>
<td>30</td>
</tr>
<tr>
<td>Vendor settlement</td>
<td></td>
<td>7</td>
</tr>
<tr>
<td>Organizational restructuring and other expense</td>
<td>221</td>
<td></td>
</tr>
</tbody>
</table>

Adjusted Operating Earnings (non-GAAP) $1,011 18.8% $1,052 18.5%

<table>
<thead>
<tr>
<th>Adjusted Net Earnings and Adjusted Diluted Earnings Per Share</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>($ in millions, except per share data)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net earnings (GAAP)</td>
<td>630</td>
<td>529</td>
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<tr>
<td>Pre-tax adjustments for Adjusted Net Earnings:</td>
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<td></td>
</tr>
<tr>
<td>Share-based compensation expense</td>
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<td>Organizational restructuring and other expense</td>
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<td>221</td>
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<tr>
<td>Investment Gains</td>
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<td>(30)</td>
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</table>

After-tax adjustments for Adjusted Net Earnings:

Income tax effect of pre-tax adjustments (46) (81)
Share-based compensation permanent tax items (2) (8)

Adjusted Net Earnings (non-GAAP) $819 2.45% $862 2.68%

<table>
<thead>
<tr>
<th>Free Cash Flow</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>($ in millions)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flows from operating activities (GAAP)</td>
<td>1,454</td>
<td>1,313</td>
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<tr>
<td>Capital purchases</td>
<td>(447)</td>
<td>(472)</td>
</tr>
<tr>
<td>Capitalized software development costs</td>
<td>(274)</td>
<td>(274)</td>
</tr>
<tr>
<td>Free Cash Flow (non-GAAP)</td>
<td>733</td>
<td>568</td>
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<tr>
<td>Cash flows from investing activities (GAAP)</td>
<td>(829)</td>
<td>(640)</td>
</tr>
<tr>
<td>Cash flows from financing activities (GAAP)</td>
<td>(610)</td>
<td>(601)</td>
</tr>
</tbody>
</table>

Reconciliation of GAAP Results to Non-GAAP Results*